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Chile

Canned Deciduous Fruit

Annual

2003

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Report Highlights:
Chile's production of canned peaches in MY2003 is expected to fall slightly due to stronger competition from the peach pulp producers. A new shortfall in Greek production will increase the demand for pulp and also for canned peaches, most probably resulting in higher export prices.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1], CI

Executive Summary

The initial forecast for Chilean canned peach production and exports for MY2003 (Jan-Dec 2004) shows a modest decline when one considers the strong competition that product will face from peach pulp, due to the expected shortfalls in global production, as the Greek peach production is down again this year.

Our new estimates on exports of canned peaches show an increase in MY2002, reflecting a stronger international demand due to the shortfalls in Greek production. In MY2003, less exports are expected in line with more modest production.

The total area devoted to canning peaches is expected to remain relatively stable in the medium term.

Production

In Chile, peach production is delivered fresh to canneries without any pre-selection. A certain percentage of the fruit is rejected immediately before being processed and destined mainly for pulp production. The difference between the figure for production and deliveries includes canning rejects, which are either processed as juice or pulp, or totally discarded as waste. The pulp is used for a variety of products, including jams and confectionary products.

A little over 6,000 hectares are estimated to be planted to peach varieties for canning purposes according to the latest figures published by the Ministry of Agriculture. Approximately 2,500 hectares are planted north of Santiago in Region V (San Felipe-Los Andes). In the Santiago Metropolitan Region there are 1,422 hectares. The remainder is mostly planted south of Santiago in Region VI (Rancagua). Some replanting with improved varieties continues to take place, but an expansion in either total area planted or production is not foreseen in the near future. Over 27 different peach varieties for canning are planted in Chile. The most popular varieties which account for 75 percent of total planted area are Pomona, Andros, Fortuna and Phillip's Cling. Other varieties like Doctor Davies, Everts and Loadel do not exceed 6 percent each.

Peaches are canned only during the principal harvest season, which runs from December through April. Some canneries, but not all, can process other types of fruit (pears) or vegetables. Almost all canneries produce also pulp, and some produce juice.

Although it is still early to predict with certainty, a mild winter with sufficient cold hours in most growing areas is expected to assure an excellent budding. Industry sources have indicated that in most orchards heavy blooming could be observed and so far no frosts have occurred in the production areas. This is expected to have a positive effect on the upcoming MY2003 (Jan-Dec 2004) production of peaches for canning. But frost could still occur uo to the end of the month of October, which then could affect the quality and total peach supply for canning production. As a result in our PS&D we forecast only a moderate growth in total production of peaches, similar to last years levels of canned peach production. Another factor which is expected to affect total output of canned peaches is the stronger demand for peach pulp, as peach production in the EU Community is down again this year and canners could divert an increased amount of peaches towards pulp production to satisfy this demand. For MY2002 (Jan-Dec 2003), due to a strong export demand a larger percentage of fruit was made available for canning purposes. As a result a smaller percentage than normal went to pulp and juice production.

Prices offered to farmers for peaches for canning recovered in 2003, reflecting the expected increase in export demand due to the fall of production in the European Community.

Farm Prices for Peaches for Canning Purposes		
Year	Chilean Pesos per MT	U.S. Dollars per MT
1998	145,000	322.00
1999	157,000	315.00
2000	126,250	250.00
2001	80,000	143.00
2002	85,000	128.21
2003	120,000	174.17
Note: Chile's 2002 inflation rate was 1.6 percent, down from 2.1 percent last year.		

Consumption

No official statistics are kept in Chile on canned peach consumption, production and ending stocks. These figures are derived from the only known data, i.e., the export figures. As a result, consumption figures may vary from report to report. In general, however, demand for canned peaches in Chile is considered to be relatively stagnant. This is partly the result of increased competition from alternative products, particularly ice cream and yogurt. Small profit margins do not permit canneries to advertise their products in the domestic market, because the potential advertising benefits are not justified by the high cost.

Trade

It is expected that for MY2002 (Jan-Dec 2003), canned peache export level will be higher than our previous estimates. A strong export demand, coupled with better prices than the previous year resulted in an increased exports reducing the supply for domestic consumption. Taking advantage of a zero duty rate under the Mercosur Agreement, and a favorable exchange rate, canners and traders imported canned peaches from Argentina for domestic consumption. Lower Greek production increased international demand for canned peaches. For MY2003, exports are expected to be in line with production, which is forecast to be smaller in volume then in the previous year. Nevertheless, export demand is expected to be strong again due to a reported shortfall in Greek production again, which the industry expects will be reflected in the prices they hope to receive for their exports in CY2004.

After some years of almost no export of canned peaches to the United States, deliveries increased significantly in MY2002. Industry sources indicate most of the contracts were for speciality products like fruit cups, which mainly contain canned peaches (diced).

Please note that the export figures in the trade matrix for 2003, cover January through July.

Stocks

There are no official stock figures available. Normally, the canning industry hesitates to specify stock size out of fear that large stocks may reflect poor sales and management, or adversely affect future prices.

Policy

Chile has no production supports or subsidies for canned peaches.

PS&D Table - Canned Peaches

PSD Table						
Country	Chile					
Commodity	Canned Peaches				(MT)(MT, Net Weight)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Deliv. To Processors	62600	62600	70000	70000	0	70000
Beginning Stocks	3219	3219	805	1935	805	1435
Production	39000	40000	45500	45500	0	42000
Imports	186	1260	500	4600	0	1500
TOTAL SUPPLY	42405	44479	46805	52035	805	44935
Exports	36000	36944	39000	45000	0	38000
Domestic Consumption	5600	5600	7000	5600	0	5600
Ending Stocks	805	1935	805	1435	0	1335
TOTAL DISTRIBUTION	42405	44479	46805	52035	0	44935

Export Trade Matrix

(Trade data for CY2003 covers the months of January through July only)

Export Trade Matrix			
Country	Chile		
Commodity	Canned Peaches		
Time period	Jan-Dec	Units:	M.T.
Exports for:	2002		2003
U.S.	147	U.S.	1009
Others		Others	
Mexico	16067	Mexico	15220
Peru	7014	Peru	3136
Ecuador	4003	Ecuador	2128
Colombia	3635	Colombia	1968
Venezuela	1475	Japan	716
Japan	1303	Guatemala	544
Thailand	684	El Salvador	304
Guatemala	676	Costa Rica	215
Bolivia	637	Bolivia	184
El Salvador	579	Philippines	180
Total for Others	36073		24595
Others not Listed	724		566
Grand Total	36944		26170

Import Trade Matrix

(Trade data for CY2003 covers the months of January through July only)

Import Trade Matrix			
Country	Chile		
Commodity	Canned Peaches		
Time period	Jan-Dec	Units:	M.T.
Imports for:	2002		2003
U.S.	282	U.S.	
Others		Others	
Argentina	787	Argentina	4545
Chile	106	Spain	4
Spain	54	Mexico	2
Australia	31		
Total for Others	978		4551
Others not Listed	0		1
Grand Total	1260		4552